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If only worth a 3- liner
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DU PONT OF CANADA

Annual Report
1964

Kingston Works,
the Company's nylon spinning
plant at Kingston, Ontario.
The Research Centre
occupies the separate
building at left.



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l'édition française de ce rapport.



DU PONT OF CANADA LIMITED

Annual Report
1964

Comparative Financial Results

	1964	1963
SALES	\$171,883,000	\$146,040,000
rose 18 per cent with expanding Canadian business activity and greater plant capacity.		
NET INCOME	\$ 15,649,000	\$ 14,028,000
was up 12 per cent over 1963 despite higher costs in the latter part of the year and elimination of the tax incentive based on increased sales.		
EARNINGS A COMMON SHARE	\$2.11	\$1.89
DIVIDENDS A COMMON SHARE	\$1.00	\$0.90
CAPITAL EXPENDITURES	\$ 28,877,000	\$ 21,095,000
reached a record total for a single year and \$39,631,000 remained unexpended on approved projects.		
RETURN ON INVESTMENT	8.1%	8.5%
was lower as the additional investment in plant expansion was not reflected in profits in 1964.		

Board of Directors

ROBERT G. BECK
JOSEPH M. BREEN
FRANK S. CAPON
W. SAMUEL CARPENTER, III
ROBERT L. HERSHEY
GEORGE W. HUGGETT

JOHN K. JENNEY
HERBERT H. LANK
HUGH H. LAWSON
R. RUSSELL PIPPIN
LESTER S. SINNESS
FREDERIC A. C. WARDENBURG

Officers

GEORGE W. HUGGETT
Chairman of the Board

HERBERT H. LANK
President

ROBERT G. BECK
Executive Vice-President

FRANK S. CAPON
Vice-President

HERMAN F. HOERIG
Vice-President

FRANKLIN S. MCCARTHY
Vice-President

FRANK G. RAYMANT
Vice-President

K. M. PLACE
Treasurer

H. J. HEMENS, Q.C.
Secretary

C. A. HARVIE
Assistant Treasurer

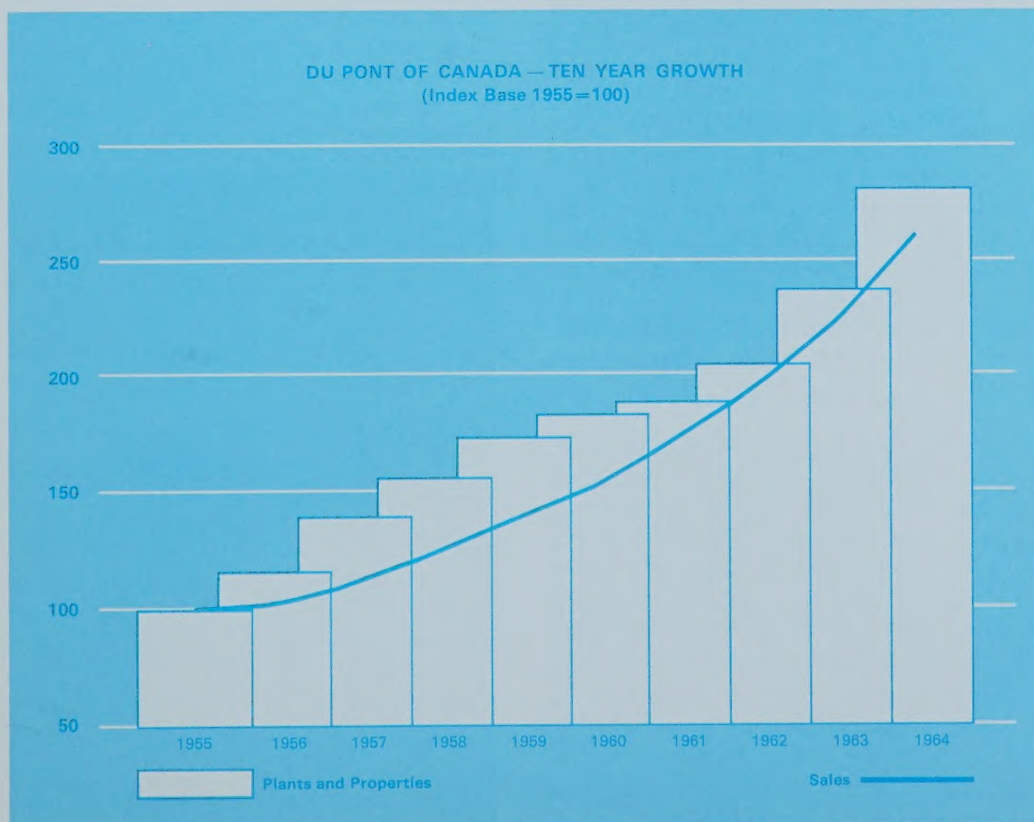
T. S. MORSE
Assistant Treasurer

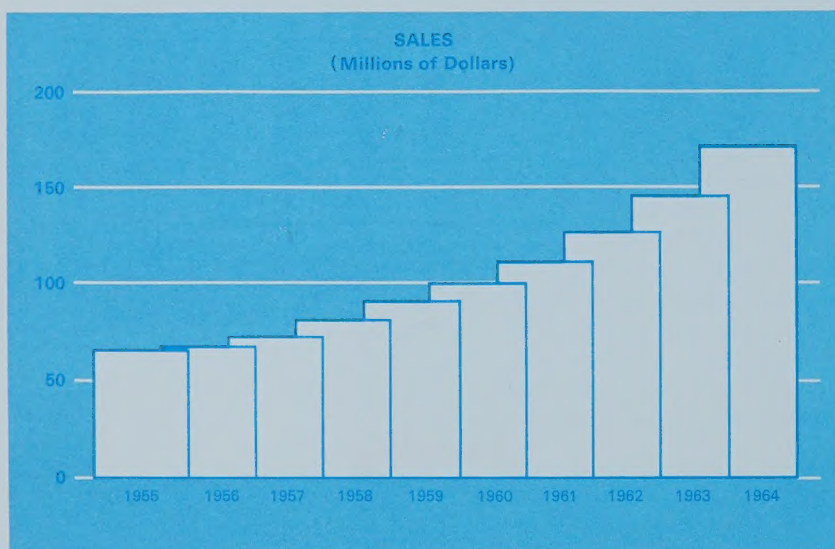
TRANSFER AGENT, REGISTRAR AND DIVIDEND DISBURSING AGENT

MONTREAL TRUST COMPANY
Montreal, Toronto and Vancouver

To the Shareholders

Results of the ten full years during which Du Pont of Canada has been operating in its present form are shown graphically in the accompanying chart. The year 1964 was another year of progress — a new high level was reached in both sales and earnings, and the outlay on plant expansion was the greatest yet made in a single year. These facts illustrate the contribution that Du Pont has made to the development of Canadian secondary manufacturing during this period. In addition a very large commitment is being made towards participation in the greater future foreseen.





Sales

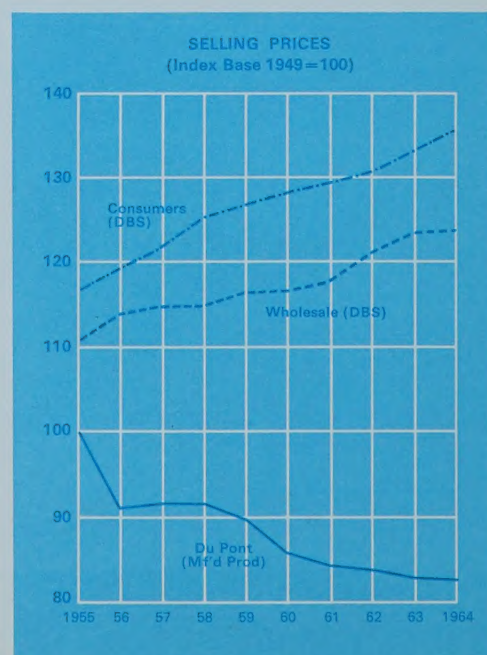
The increase of 18 per cent to \$171,883,000 in sales over the previous year was attributable to strong consumer demand and buoyant business conditions in Canada which stemmed from continued growth in the Canadian economy, intensified industrial activity and increased requirements for plant construction or expansion in most industries.

Of particular significance to the Company has been the strong and sustained growth of the textile industry in the past several years. Domestic shipments by the primary textile industry increased by 11 per cent in 1964 and have grown more than 37 per cent since 1961. The automobile industry set new records with sales of North American type passenger cars up sharply in the year and up 66 per cent in the past three years. Canada's mining industry enjoyed a particularly good year as a result of greater shipments, mostly

for export, and higher prices in world markets. Growth in personal disposable income and more leisure time have also been reflected in rising sales of such diverse items as fashion apparel and sportswear, ready to serve packaged foods and new homes.

To these external factors were added continued aggressive merchandising, new and improved products and expanded production capacity within the Company.

Continuing the trend which has been almost uninterrupted for ten years, the weighted average index of selling prices of the Company's manufactured products declined from 82.6 in 1963 to 82.3 last year. In contrast the Canadian consumer and general wholesale price indices continued to rise during 1964 to 135.4 and 123.8 respectively.

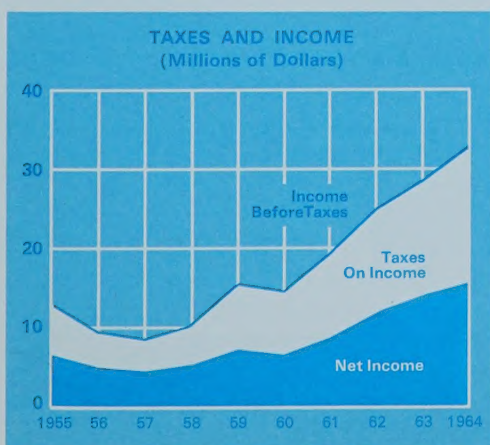


Costs and Expenses

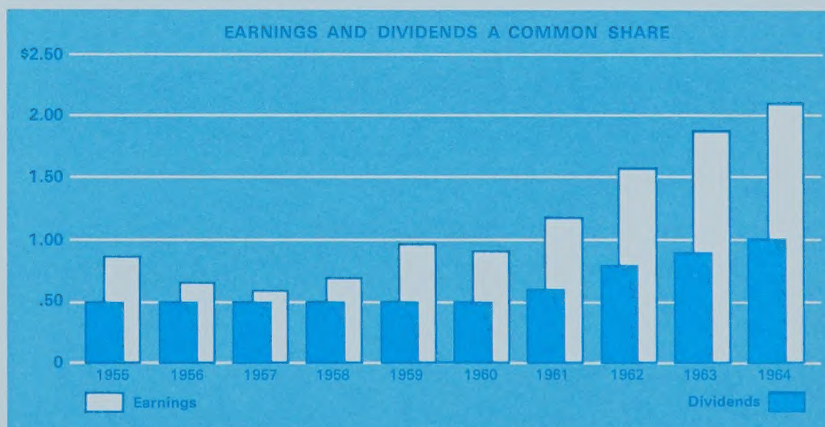
Periods of very rapid plant expansion are inevitably accompanied by temporary increases in operating costs and this adverse effect on costs became increasingly significant as the construction program progressed throughout the year. The changes underway, however, are designed to lower costs, as a considerable part of the current construction is for more efficient equipment and processes. The provision for depreciation was \$966,000 higher than in 1963. Savings continued to be realized through the more effective use of and lower prices for raw materials, but wage and salary costs rose due to higher rates and the larger number of employees.

Financial Charges

During the year borrowing was necessary to help finance construction expenditures and interest charges amounted to \$283,000. While net income before taxes was up 15 per cent, taxes on income increased 19 per cent to \$17,085,000 reflecting the elimination of tax incentives on increased sales.



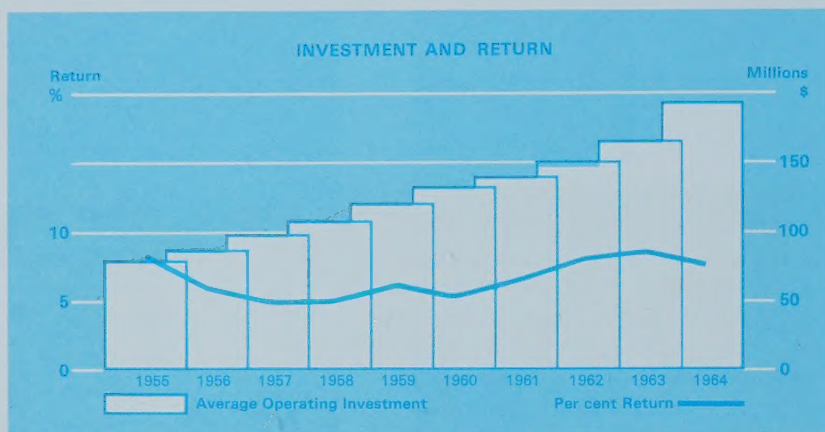
Maximum capital cost allowances permitted by income tax regulation continued to be claimed for tax purposes and the resulting reduction of \$2,555,000 in current tax payments was added to the provision for future income taxes. This reduction represents the taxes on the amount by which depreciation charged against income in the Company's accounts was below the total claimed for tax purposes. The accumulated provision for future income taxes now amounts to \$11,338,000.



Earnings and Dividends

Net income rose to \$15,649,000 during 1964 which was \$1,621,000 or 12 per cent higher than 1963. Earnings a common share amounted to \$2.11 compared with \$1.89 in the previous year.

Regular dividends were paid on the 7½ per cent preferred stock. Three quarterly distributions of 20 cents a share and a final distribution in January 1965 of 40 cents a share in respect of 1964 earnings were made on the common stock. The total dividend for the year of \$1.00 a common share compares with the 90 cents paid in respect of 1963.



Investment and Return

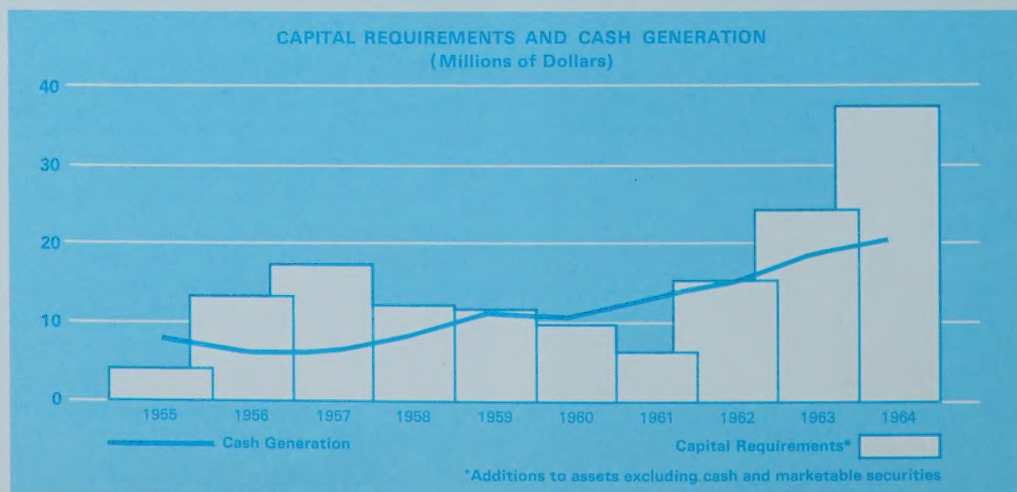
The Company's operating investment rose to \$213,904,000 at the year end, an increase of almost 21 per cent during the year. While additions to plants accounted for most of this increase, the higher volume of business was reflected in larger inventories and amounts owing by customers.

As usual in a period of heavy construction, the relatively large addition to operating investment was not matched by a proportionate increase in income and the return on average operating investment dropped to 8.1 per cent from 8.5 per cent in 1963.

Cash Generation and Borrowing

Cash generated from operations through retained earnings and provisions for depreciation and future taxes, amounted to \$20,498,000 which, together with cash on hand at the beginning of the year, was insufficient to meet the sum of \$37,490,000 needed for additions and alterations to plants and properties, working capital and the purchase of other assets. The deficiency was met through short term borrowings.

The amounts needed in 1965 to finance the continuing construction program would bring total borrowing to a new high level. Furthermore, projections of Canadian industrial expansion indicate that, if the Company is to participate to the same extent as in the past, the amounts needed at this time cannot be looked upon as short term requirements. Arrangements were therefore concluded in 1965 to obtain new permanent capital through the issue of additional common shares.



In this area of Kingston Works nylon salt is converted into polymer as an intermediate step in the production of nylon yarns, staple fibres, monofilaments and moulding powders.

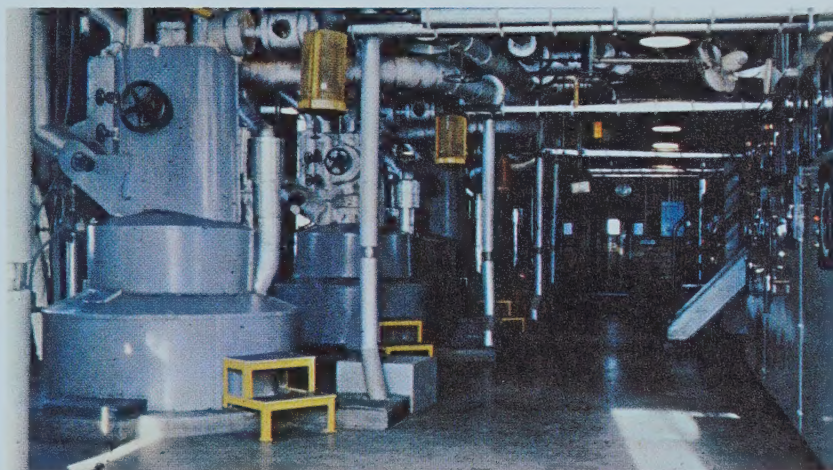
Textile Fibres Department

Nylon

Sales of nylon as a textile fibre were greater during the year particularly for hosiery, textured yarn and woven applications. The stretch concept in clothing, which results in improved comfort and appearance, contributed to the broader demand for nylon textile and textured yarns. There was also wider use of nylon for automotive and household upholstery, outerwear and rainwear. New military uniforms containing the fibre were put into general use for Canadian operational forces. The resurgence in heavy construction activity led to greater use of off-road equipment which depends on nylon cord tires almost exclusively. In addition increased penetration of nylon in the automotive replacement tire market was also realized.

Significantly higher sales of bulked continuous filament nylon carpet yarn were realized due to intensive promotion by the Company and the carpet manufacturers, wider consumer acceptance and increased plant capacity.

Until 1964 Du Pont of Canada was the sole Canadian manufacturer of nylon yarns, but during the year two new producers commenced to deliver yarn and a third announced its intention to build a nylon yarn plant. Throughout the more than twenty years when it was the sole Canadian producer, the Company expanded the demand for nylon by supplying an ever broadening range of types of product at competitive prices, by extensive promotion, by maintaining technical leadership and

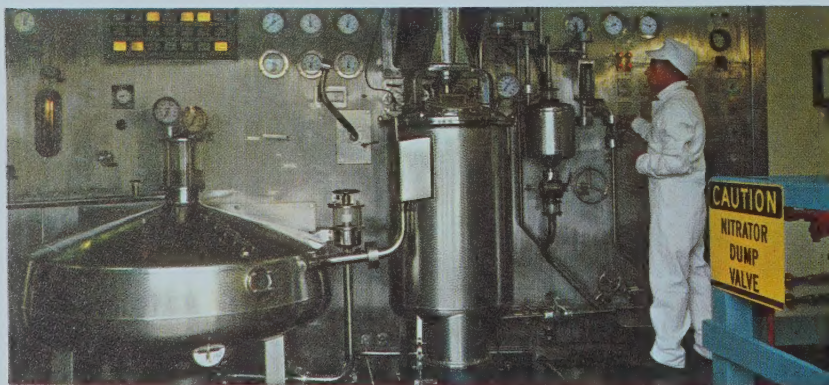


by continually expanding capacity. In addition the Company built facilities in Canada to produce the chemicals used to make nylon so that Du Pont of Canada nylon is fully Canadian from basic raw material to the finished yarn. Consequently the Company is well equipped to maintain its strong position in nylon.

Other Fibres

The demand for "Orlon" acrylic fibre continued to improve, particularly for pile fabric and sweaters. Because of its elastic properties "Lycra" spandex fibre gained increased consumer acceptance in swimwear, foundation garments and support hose, and higher sales reflected expansion of the product line, greater penetration in established end uses and promising developments in new uses. One such development is the patented process by which "Lycra" is covered with spun yarn such as "Orlon" producing a new type yarn with ideal properties for comfortable and well fitting clothing.

The operator at this panel controls the continuous nitrator used in the production of commercial explosives at Nipissing Works near North Bay, Ontario.



Chemicals Department

Sales of "Freon" fluorinated hydrocarbons showed a major improvement due to the greater demand for refrigerants and the continuing growth in aerosol propellents in spray can packaging. Higher domestic consumption of hydrogen peroxide led to expanded shipments from the Company's plant at Maitland. The volume of products handled for resale, including tetraethyl lead (the anti-knock ingredient in modern gasolines) which the Company soon will be manufacturing, increased in line with the expanding business activity, the addition of new products and intensive market development.

One of the plants at Maitland Works is this "open air" unit for the production of "Freon" fluorinated hydrocarbons.

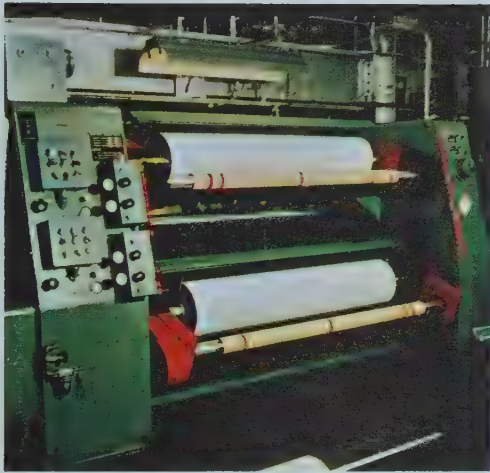


Explosives Department

The total explosives market in Canada continued to expand during the year reflecting the high rate of construction activity and steady growth in mining. With continued market development, Company results improved substantially. The trend which was established several years ago for the displacement of dynamites by ammonium nitrate type blasting agents, now appears to be levelling out.

Films Department

During 1964, the four hundred millionth pound of film was produced at the Company's "Cellophane" cellulose film plant at Shawinigan, Quebec. More significantly, the demands of the packaging industry have resulted in more "Cellophane" being produced in a month than was produced in a year in the early stages. Since the plant went into operation in 1932, the process has been steadily refined and



Polyethylene film extruded at the Whitby, Ontario, plant is made into rolls on this film wind-up machine. The rolls are then cut to sizes required by customers.

modified and constant improvements have been made to the strength, clarity and other characteristics of the film. In addition, special coatings and laminations have been developed opening many new packaging markets.

Sales to the baking and tobacco industries increased significantly during 1964. New heat laminated films have been developed and are under test for bakery and other food uses.

Sales of polyolefin films rose with broader penetration in established end uses ranging from textile and produce packaging to vapour barrier in the construction field.

In order to provide better service to customers and to participate effectively in a steadily growing market in the Atlantic provinces, the Company established a manufacturing operation in Saint John, N.B., to extrude "Sclairfilm" polyolefin films.

Finishes Department

Finishes

The Company entered the consumer paint market during the year with the acquisition of certain major assets of The Imperial Flo-glaze Paints Limited. These assets include formulae, trademarks, patents, processes and the goodwill related to products and channels of distribution.

Du Pont of Canada will continue to promote the nationally distributed "Flo-glaze" "Colorizer" line in addition to the automotive refinish, industrial finishes, and "Lucite" acrylic paints now manufactured at Ajax, Ontario. Finishes sales increased during 1964 as a result of the addition of consumer type paints and a higher volume of refinish and industrial products.

"Corfam" Poromeric Material

Importation of introductory quantities of "Corfam" poromeric shoe upper material for the Canadian shoe industry was commenced late in the year. The growing interest in this product, both in the United States and Canada, is being followed closely to determine the feasibility of manufacture in Canada.

Finishes produced at Ajax Works are subjected to many quality tests before they are packaged for sale.



"Sclair" polyolefin
resins are produced
at St. Clair River Works
at Corunna, near Sarnia,
Ontario.



Plastics Department

The volume of "Sclair" polyethylene resins sales rose substantially during the year but the benefits of this increase were partially offset by selling price reductions. Existing markets continued to expand and new markets were under development. Programs currently underway with encouraging results to date include bottles for milk packaging, lobster traps and cases for the beverage, agricultural and manufacturing industries. Of growing concern, however, is the duty free importation of synthetic resins, such as polypropylene, which are not made in Canada, but which nevertheless compete directly with Canadian-made resins in existing uses.

Exports

The Company's program to open up new foreign markets and to increase present export penetration continued in 1964 with rewarding results. Cellulose film, which is exported to many countries around the world, registered substantial gains during the year. In addition, the Company was able to take advantage of both a world demand and its current available capacity for the production of nylon chemicals to increase sales in the export market.

Expansion and Diversification

During 1964, \$28,299,000 was expended on new plant construction and expansion. As in 1963, a major part of these expenditures was made at the nylon fibre and nylon intermediates plants at Kingston, Ontario, and Maitland, Ontario, respectively. In addition to increased capacity and instal-



lation of auxiliary equipment and services in conjunction with this expansion, the modernization program continued with the introduction of more advanced equipment capable of producing a wider range of improved nylon products. Construction of the tetraethyl lead plant at Maitland is expected to be completed in late 1965. A new plant site comprising about 1,200 acres was purchased at Morrisburg, Ontario, to provide additional flexibility for the Company's expansion and diversification program.

Significant capital expenditures were made at all of the remaining plants, the largest being at Ajax for the manufacture of consumer paints.

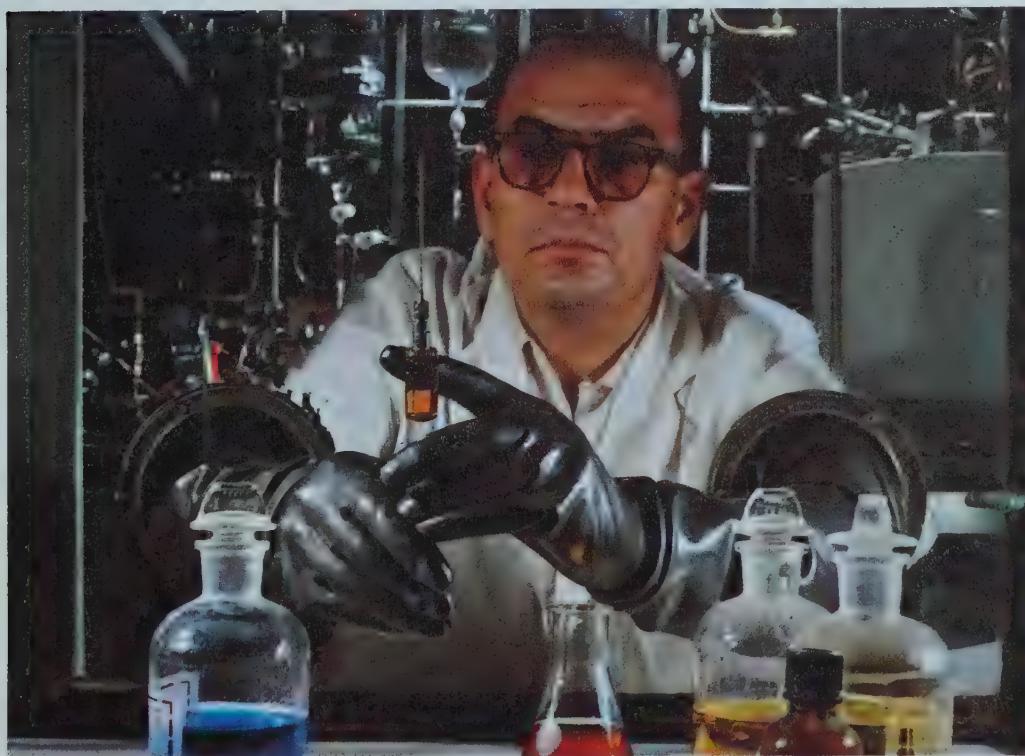
Despite the heavy rate of expenditures during the year, \$39,631,000 remained unexpended on approved projects at the end of 1964.

Research and Development

The chemical industry annually accounts for some 20 per cent of the total funds spent by Canadian industry on research and development. The Company's expenditures are at a rate almost twice that of the chemical industry average. Annually, the Company spends several million dollars in the search for new or improved products and processes. Close to 90 per cent of this money is spent in Canada, supporting a wide range of research and development activities essential to the health and growth of its business. The balance of these funds is spent outside Canada to purchase technical knowledge not available locally. The selective acqui-

sition of outside technology is a necessary ingredient in any well-conceived program of research and development. Ready access to the research and technical knowledge of E. I. du Pont de Nemours & Company is of inestimable value to the Company.

While there is ample evidence that no factor has contributed more to industrial expansion in this century than industrial research and development, there is equally ample evidence that it cannot be justified unless there is a favourable economic climate for utilizing its results. Healthy expansion of Canadian industrial research will continue to the extent that government economic policies reflect this fact.



At the Research Centre, Kingston, Ontario, oxygen-sensitive chemicals are stored and handled in this transparent nitrogen-filled "dry box".

Employees

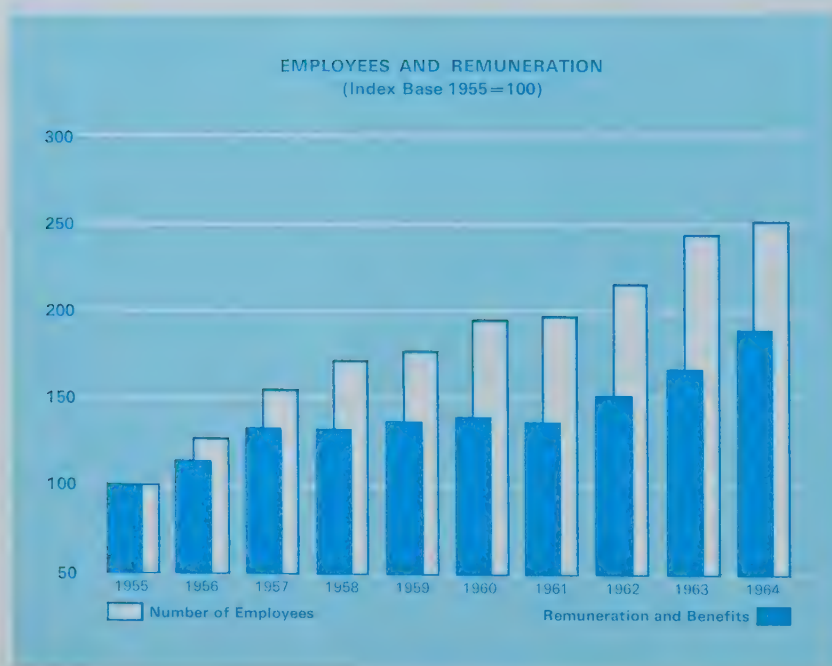
The number of Du Pont of Canada employees increased by more than 13 per cent to 5,992 in 1964 due to the growing volume of business and to the sharp increase in engineering and related work on plant expansion. The real progress made by the Company in 1964 reflects the effective contribution made by all employees in a wide variety of fields of endeavour.

A new safety record was achieved as the number of major work injuries per million man-hours declined to an all-time low of 0.68. This represents about one-third of the rate in 1963, and is well below the previous record of 0.91, and only a fraction of the latest available figures of 3.32 for the chemical industry and 6.12 for all major manufacturing industry in Canada and the United States.

The employee benefit plans continue to provide a broad range of benefits and these have been expanded periodically since their first introduction in 1919 with the inauguration of the Pension Plan. The coverage provided under the Company-paid Life Insurance Benefit Plan was further broadened in 1964. In addition, all employees are covered for accidental death while on Company business in the amount of three times annual earnings. Arrangements were also made during the year whereby all regular employees could obtain, at their own expense, supplementary accident insurance coverage at favourable group rates.

While industry has done much to provide income during disability, illness, or retirement, the only real security for any employee is the continued progress of his company and its ability to offer challenging opportunities for personal development and advancement. The accompanying chart shows the Company's ten-year record of employment and remuneration.

A major feature of broadening political interest in "social security" in recent years has been the multiplicity of proposed government pension plans. Because of some conflict between the announcements by federal and provincial governments in this area, the position of industrial pension plans cannot be clarified at this time. Study of the Company's pension plan will be concluded as soon as final information is available on government plans. At the end of 1964, \$18,831,000 was held by an outside trustee for payment of pensions under the Company's non-contributory plan. In addition, a contributory supplementary plan is available in which employees may participate voluntarily.



Bonus Plan

The Bonus Plan was established in 1923 as a means of granting special recognition to those employees who have demonstrated outstanding ability, efficiency and initiative in contributing to the success of the Company. The Board may credit to the bonus fund a portion of net income above 6 per cent earned on the average amount of capital stock, surplus and any interest bearing indebtedness. Individual awards, which are delivered in four equal annual installments, are determined by a committee chosen annually from among those members of the Board who are not eligible to participate under the plan. In 1964 awards were made to 210 employees including those executive officers who are also Directors. The amounts delivered during the year were again in the form of common stock, after withholding sufficient funds to meet income tax deductions.

There is every indication at this time that 1965 will see further growth in the economy, although at a slower rate than in 1964.

The recently published First Annual Review of the Economic Council of Canada has depicted great potential for long term economic growth in Canada. If Canada is to realize this potential, however, and attain the goals outlined by the Council, rational and consistent policies must be developed and followed. Sustained, well balanced economic growth cannot be based on a succession of opportunistic decisions as the needed policies, for the most part, can be effective only in the longer term, particularly where they are concerned with such basic questions as education and training, research and patterns of investment and trade.

As the Council points out, the attainment of maximum growth for the future rests on the expansion of secondary manufacturing industry. Industry, however, can function only within the environment set by government. Thus fiscal, monetary and tariff policies must be developed which foster the expansion of Canadian secondary industry.



Chairman of the Board



President

TOUCHE, ROSS, BAILEY & SMART

HALIFAX
QUEBEC
MONTREAL
TORONTO
LONDON
REGINA
NORTH BATTLEFORD
EDMONTON

SAINT JOHN
CAP DE LA MADELEINE
OTTAWA
HAMILTON
WINNIPEG
SASKATOON
CALGARY
VANCOUVER
VICTORIA

CHARTERED ACCOUNTANTS

ROYAL BANK BUILDING
PLACE VILLE MARIE
MONTREAL 2, CANADA

UNITED STATES OF AMERICA
GREAT BRITAIN
AND OTHER COUNTRIES
THROUGHOUT THE WORLD
CABLE ADDRESS: "TROBAS"

AUDITORS' REPORT TO THE SHAREHOLDERS

Du Pont of Canada Limited,
Montreal, Canada.

We have examined the consolidated balance sheet of Du Pont of Canada Limited and its wholly owned subsidiaries as at 31st December 1964 and the related statements of consolidated income and earned surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the companies, the accompanying consolidated balance sheet and related statements of consolidated income and earned surplus, with notes thereto, are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company and its wholly owned subsidiaries as at 31st December 1964 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Touche, Ross, Bailey & Smart

Montreal, Canada.
12th February 1965.

Chartered Accountants.

Notes to Consolidated Financial Statements

1. Included in the charges against income are the following:

	1964	1963
Remuneration of executive officers, including bonus awards and directors' fees	\$1,159,542	\$1,013,100
Other directors' fees	25,000	25,000
Legal fees	40,118	32,696

2. Capital cost allowances in excess of the provision for depreciation charged against income in the accounts have been claimed for tax purposes. The amount by which tax payments have thereby been reduced has been set aside as a provision for taxes which may be payable in future years.
3. At 31st December 1964 there remained \$39,631,000 to be expended on authorized appropriations for plant construction.

Statement of Consolidated Income

	1964	1963
NET SALES	\$171,883,004	\$146,040,379
Other income	165,262	121,866
	<u>\$172,048,266</u>	<u>\$146,162,245</u>
Less:		
Cost of goods sold and other charges except depreciation, interest and income taxes — note 1	\$130,691,639	\$110,366,521
Provision for depreciation	8,338,632	7,373,020
Interest on borrowed money	283,343	—
Federal and provincial taxes on current income:		
Payable currently	14,530,344	11,962,157
Estimated to be payable in future years — note 2	2,555,000	2,433,000
	<u>\$156,398,958</u>	<u>\$132,134,698</u>
NET INCOME FOR THE YEAR	<u>\$ 15,649,308</u>	<u>\$ 14,027,547</u>

Statement of Consolidated Earned Surplus

	1964	1963
BALANCE AT 1st JANUARY	\$ 63,625,052	\$ 56,353,947
Add: Net income for the year	15,649,308	14,027,547
	<u>\$ 79,274,360</u>	<u>\$ 70,381,494</u>
Deduct: Dividends declared on —		
Preferred 7½% cumulative stock	\$ 174,375	\$ 174,375
Common stock (\$1.00 a share in 1964 — 90 cents in 1963) . . .	7,335,000	6,582,067
	<u>\$ 7,509,375</u>	<u>\$ 6,756,442</u>
BALANCE AT 31st DECEMBER	<u>\$ 71,764,985</u>	<u>\$ 63,625,052</u>

Du Pont of Canada Limited

And its wholly owned subsidiaries

Consolidated Balance Sheet

Assets

	31st DECEMBER	
	1964	1963
CURRENT ASSETS		
Cash	\$ 868,642	\$ 540,905
Accounts receivable	20,964,196	17,260,277
Inventories, valued at the lower of cost or market .	17,285,827	13,015,634
	<u>\$ 39,118,665</u>	<u>\$ 30,816,816</u>
DEFERRED CHARGES	1,283,848	807,253
INVESTMENT SECURITIES AT COST	685,562	523,170
PLANTS AND PROPERTIES AT COST	172,218,292	145,030,139
GOODWILL, PATENTS AND PROCESSES	2,265,835	1,688,576
	<u>\$215,572,202</u>	<u>\$178,865,954</u>

Signed on behalf of the Board:

G. W. HUGGETT
HUGH H. LAWSON

} Directors

Liabilities

	31st DECEMBER		
	1964	1963	
CURRENT LIABILITIES			
Bank indebtedness and short term borrowings	\$ 12,700,000	\$ —	
Accounts payable and accrued liabilities	14,154,905	11,591,549	
Federal, provincial and municipal taxes	7,318,509	5,686,136	
Dividends declared	2,977,594	2,237,616	
	<u>\$ 37,151,008</u>	<u>\$ 19,515,301</u>	
 LIABILITIES NOT PAYABLE WITHIN ONE YEAR	 3,086,277	 2,623,399	
 ACCUMULATED PROVISION FOR FUTURE INCOME TAXES . . .	 11,338,000	 8,783,000	
 ACCUMULATED PROVISION FOR DEPRECIATION OF PLANTS AND PROPERTIES	 77,778,516	 70,523,931	
 CAPITAL STOCK:			
Authorized	Shares		
Preferred 7½% cumulative stock			
(par value \$50)	46,500		
Common stock (no par value) . . .	<u>13,500,000</u>		
 Issued and fully paid			
Preferred	46,500	\$ 2,325,000	
Common	7,335,000	12,128,416	
(Issued during year to employees under the Bonus Plan, 21,592 shares of common stock — \$658,145)			
 EARNED SURPLUS	 71,764,985	 86,218,401	 77,420,323
	<u></u>	<u></u>	<u></u>
		<u>\$215,572,202</u>	<u>\$178,865,954</u>

Statement of Funds For the Year Ended 31st December 1964

SOURCES:

Sales and other income less operating costs and expenses*	\$28,176,000	
Issue of 21,592 common shares in accordance with the terms of the Company's Bonus Plan	658,000	
Disposal of fixed assets	28,000	
		<u>\$28,862,000</u>

USES:

Payment of dividends	\$ 6,769,000	
Capital expenditures	28,877,000	
Net increase in working capital excluding cash and marketable securities	5,588,000	
		<u>41,234,000</u>
NET DECREASE IN FUNDS DURING THE YEAR		\$12,372,000

FUNDS PROVIDED DURING THE YEAR:

From cash at 1st January 1964	\$ 541,000	
From borrowings	12,700,000	
		<u>13,241,000</u>
CASH at 31st DECEMBER 1964		<u>\$ 869,000</u>

*Operating costs and expenses are the amounts expended for the purchase of materials, supplies and services, the payment of salaries and wages, and the payment of selling, advertising, administrative and other operating expenses as included in the income statement. Provision for depreciation \$8,339,000, liabilities not payable within one year \$1,633,000, and future income taxes \$2,555,000, while charged against operations in arriving at net income, have not been deducted in this statement as they do not involve a current outlay of funds.

A Ten-Year Comparison

	1964	1955
OPERATING RESULTS		
Sales and Other Income	172,048	65,748
Costs and Expenses (excluding depreciation, interest and taxes) . .	130,692	48,554
Depreciation	8,339	4,493
Interest on Borrowed Money	283	—
Taxes on Income	17,085	6,207
Net Income	15,649	6,494
Earnings a Common Share	\$2.11	\$0.88
Dividends a Common Share	\$1.00	\$0.50
OPERATING INVESTMENT		
Average Operating Investment*	194,000	78,700
Return on Average Operating Investment	8.1%	8.3%
FINANCIAL POSITION		
Total Current Assets	39,119	22,895
Total Current Liabilities	37,151	8,174
Net Working Capital	1,968	14,721
Plants and Properties	172,218	61,012
Other Assets Less Other Liabilities	1,149	1,259
	175,335	76,992
Deduct: Accumulated Provisions for Future Income Taxes and Depreciation	89,117	29,448
Shareholders' Equity	86,218	47,554

Operating and Financial Record

A Ten-Year Comparison

(Approximate)

	1964	1963	1962	1961	1960	1959
OPERATING RESULTS						
Sales and Other Income	172,048	146,162	126,784	112,279	99,906	90,992
Costs and Expenses (excluding depreciation, interest and taxes) . .	130,692	110,366	95,246	86,048	78,930	69,562
Depreciation	8,339	7,373	6,704	6,928	6,325	5,917
Interest on Borrowed Money	283	—	—	204	449	416
Taxes on Income	17,085	14,395	13,025	10,232	7,367	7,928
Net Income	15,649	14,028	11,809	8,867	6,835	7,169
Earnings a Common Share	\$2.11	\$1.89	\$1.60	\$1.20	\$0.92	\$0.97
Dividends a Common Share	\$1.00	\$0.90	\$0.80	\$0.60	\$0.50	\$0.50
OPERATING INVESTMENT						
Average Operating Investment*	194,000	165,000	149,900	138,900	131,400	118,900
Return on Average Operating Investment	8.1%	8.5%	7.9%	6.4%	5.2%	6.0%
FINANCIAL POSITION						
Total Current Assets	39,119	30,817	33,313	26,294	21,315	18,387
Total Current Liabilities	37,151	19,515	19,165	15,161	18,539	19,151
Net Working Capital	1,968	11,302	14,148	11,133	2,776	(764)
Plants and Properties	172,218	145,030	124,988	114,561	111,723	105,777
Other Assets Less Other Liabilities	1,149	395	979	1,486	1,723	1,484
	175,335	156,727	140,115	127,180	116,222	106,497
Deduct: Accumulated Provisions for Future Income Taxes and Depreciation	89,117	79,307	70,505	63,783	57,465	51,058
Shareholders' Equity	86,218	77,420	69,610	63,397	58,757	55,439

*Operating Investment comprises total assets less liabilities; the average is based on the average of the beginning and ending figures.

(imate amounts in thousands of dollars except where otherwise noted)

	1958	1957	1956	1955
92	81,753	72,740	67,060	65,748
62	65,916	59,876	53,577	48,554
17	5,358	4,324	4,298	4,493
16	394	55	—	—
28	4,850	3,994	4,216	6,207
59	5,235	4,491	4,969	6,494
97	\$0.70	\$0.60	\$0.67	\$0.88
50	\$0.50	\$0.50	\$0.50	\$0.50
00	106,700	93,200	86,200	78,700
%	4.9%	4.8%	5.8%	8.3%
7	16,599	15,731	17,678	22,895
1	18,108	13,904	7,920	8,174
4)	(1,509)	1,827	9,758	14,721
7	96,000	85,536	71,375	61,012
4	1,817	1,568	1,487	1,259
7	96,308	88,931	82,620	76,992
8	44,533	38,890	33,587	29,448
9	51,775	50,041	49,033	47,554

ets as shown in the Company's annual statements exclusive of good-
is based on the investment at the beginning of each calendar month.

Departments

CHEMICALS

Providing these Products

MANUFACTURED:

"Freon" fluorinated hydrocarbon refrigerants, aerosol
propellents and solvents
Adipic, hydrochloric and nitric acids Hydrogen peroxide

RESALE:

X-ray and graphic arts, including reproduction and motion
picture, films
Synthetic rubbers and rubber chemicals
White and coloured pigments Food supplements
Seed-treating and weed-killing chemicals
Dyes and auxiliary chemicals Industrial chemicals
Gasoline anti-knock compounds and petroleum chemicals

EXPLOSIVES

MANUFACTURED:

Commercial explosives Blasting supplies
Dynamites
Blasting agents

RESALE:

Blasting supplies and accessories Ammonium nitrate

FILMS

MANUFACTURED:

"Cellophane" cellulose film "Sclairfilm" polyolefin film
Packaging and industrial polyethylene films
"Vexar" plastic netting

RESALE:

*"Mylar" polyester film *"Tedlar" polyvinyl fluoride film
*"Teflon" fluorinated ethylene propylene film

FINISHES

MANUFACTURED:

"Flo-glaze" "Colorizer" Paints
"Lucite" House and Wall Paints
Industrial Finishes
"Teflon" coatings
"Duco" lacquer "Dulux" enamel
Automotive finishes

RESALE:

*"Corfam" poromeric material

PLASTICS

MANUFACTURED:

"Sclair" polyethylene resins "Zytel" nylon resins

RESALE:

Plastic moulding and extrusion resins

TEXTILE FIBRES

MANUFACTURED:

Nylon continuous filament yarns, tire yarn and staple
"Antron" nylon yarn
Bulked continuous filament nylon carpet yarn
"Tynex" and "Herex" nylon monofilament
"Orlon" acrylic staple and tow "Lycra" spandex fibre

RESALE:

*"Cantrece" nylon yarn *"Dymetrol" nylon strapping

Through Sales Offices

Halifax, N.S.
Sept Iles, Que.
Montreal, Que.
Ajax, Ont.
Toronto, Ont.
London, Ont.
Winnipeg, Man.
Calgary, Alta.
Vancouver, B.C.

SALES REPRESENTATIVES ALSO LOCATED AT:

Saint John's, Nfld.
Truro, N.S.
Fredericton, N.B.
Lac Jeannine, Que.
Quebec, Que.
Thetford Mines, Que.
Val d'Or, Que.
Ottawa, Ont.
Kingston, Ont.
North Bay, Ont.
Kirkland Lake, Ont.
Timmins, Ont.
Elliot Lake, Ont.
Port Arthur, Ont.

Plants Located at:

Shawinigan, Que.
Maitland, Ont.
Kingston, Ont.
Ajax, Ont.
Whitby, Ont.
North Bay, Ont.
Corunna, Ont.
Vancouver, B.C.



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